DELAWARE AG FOCUS

DELAWARE DEPARTMENT OF AGRICULTURE

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Inside:

The DDA Crop Insurance Toll Free Info Line: 877-673-2767

Crop Insurance Deadline Looms

SURE eligibility at stake

Producers of spring planted crops face crop insurance deadlines, which, if missed, may make them ineligible for the USDA's Supplemental Revenue Assistance Program (SURE).

SURE requires crop insurance coverage on nearly all crops and the SURE guarantee is directly tied to the level of crop insurance coverage. The more coverage, the larger the SURE guarantee. In a way SURE is free, additional crop insurance coverage.

February 1 is the deadline for signing up for Adjusted Gross Revenue (AGR… see story on page 4). It is also the deadline for potatoes.

The largest deadline for signing up or making changes to crop insurance policies is March 15.

Sharing this deadline are: corn, sweet corn, processing beans, grain sorghum, soybeans, and tomatoes. It is also the deadline for AGR-Lite (see page 4).

February 15 is the deadline for signing up or making changes to policies for green peas.

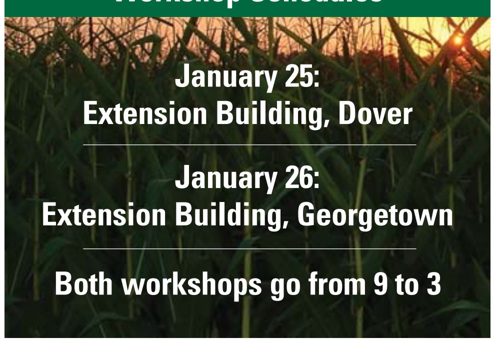
For more information, contact your crop insurance agent well before your deadline. Your eligibility for SURE is at stake. ■

FSA Schedules Meetings on SURE and ACRE

Sign-up to understand eligibility and options

The Farm Service Agency (FSA) has scheduled two workshops to explain risk management options and answer questions about USDA's SURE and ACRE programs.

Workshop Schedules



January 25: Extension Building, Dover

January 26: Extension Building, Georgetown

Both workshops go from 9 to 3

The workshops are January 25, at the Extension building in Dover, and January 26, at the Extension building in Georgetown. Both workshops go from 9 to 3.

These workshops will also explain the low cost option of combining Crop Revenue Coverage (CRC) with Enterprise Units. For corn and soybeans, it is the lowest cost coverage available and it helps producers qualify for higher guarantees under the federal Supplemental Revenue Assistance Program (SURE).

For more information, or to register for one of the meetings call 302-678-4250. ■

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Fellow Delaware Farmers,

I am a strong supporter of the federally subsidized crop insurance program.

Crop insurance is even more important now, thanks to the new Farm Bill. Not only is crop insurance required to be eligible for the new Supplemental Revenue Assistance Payments (SURE) program, but also the higher your levels of crop insurance coverage the higher will be your SURE guarantee.

Think of SURE as a free supplemental rider to your crop insurance policy.

This is more important as profit margins become leaner in the current economic downturn. One indication of the importance of crop insurance came from an ag lender who told me recently that he gives producers who need operating credit three pieces of advice.

One; do a cash flow/profitability analysis at different price points for your crops or animals.

Two; have a written risk management plan in hand when applying for your operating loan. His list of risk management strategies started with crop insurance, then went on to include diversification, forward pricing and so forth.

Three; if your credit has deteriorated because of the squeeze some farmers are in, go to FSA and try to get a loan guarantee. He said that is risk management for lenders, but the loan guarantee is of little value without steps one and two being in place.

As you approach your crop insurance decisions this year, please remember the power of crop insurance (especially revenue and whole farm policies) to help lock-in cash flow and repayment capacity.

I hope next year will be a great year in farming for every Delaware producer.

Sincerely,

Ed Kee

Ed Kee
Delaware Secretary of Agriculture

Delaware Department of Agriculture
Serving Agriculture and Protecting Consumers

Trio of Factors Pushing the CRC Choice

Crop Revenue Coverage insurance fits tight budgets

In the face of falling farm income and sharply more volatile grain prices and input costs, Crop Revenue Coverage (CRC) insurance is fast becoming the number one choice for corn and soybean producers.

The demonstrated ability of federally subsidized CRC to protect against not only yield losses, but also revenue shortfalls is the first of these reasons.

Second is the need to establish eligibility for the Supplemental Revenue Assistance Payments (SURE) program. SURE guarantees are pegged to the level of crop insurance coverage, the higher the coverage the more the guarantee. Reasonably priced, buy-up levels of CRC, especially with Enterprise Units, provides access to higher SURE guarantees.

Third is that the Risk Management Agency (RMA) has significantly reduced CRC premiums for those choosing to insure as an Enterprise Unit (all the corn and/or soybeans in a county).

Insures Both Yield and Price

This past year the CRC harvest price for corn ($3.72) was considerably less than the $4.04 CRC guarantee from last spring's futures prices. The result was that even some producers with no yield loss, had claims.

While the CRC share of the market in Delaware is good, in Iowa, CRC is over 90% of the market, so there is room for CRC to grow in market share in Delaware in 2010 and to better protect producers.

SURE Eligibility

According to FSA, "for a producer to be eligible for the SURE program, all of the farming operation's crops (planted or intended) that are of economic significance must be covered by either federal Crop Insurance (CI) or FSA's Noninsurable Crop Disaster Assistance Program (NAP) coverage. Grazed crops are exempt.

SURE can provide up to 60% of the difference between the disaster program guarantee and total farm revenue. The higher your level of crop insurance coverage, the higher your SURE guarantee.

Enterprise Units Significantly Lower CRC Premium Costs

This March 15, qualifying corn and soybean producers in Delaware who choose to consolidate their CRC insurance units into Enterprise Units can lower their premium costs by about 50%. This means they can select a higher level of coverage.

The Enterprise Unit recognizes that when a producer consolidates insurance units, small individual farm losses may not result in an indemnity. Under this plan, the producer self-insures the smaller isolated losses, but when a severe disaster occurs, that would have caused all basic and optional units to be in a loss category, the loss payment would be identical to having individual farm basic and optional units.

To qualify, producers must be eligible for two or more basic/optional units containing 50 or more total acres of the crop. A minimum of two of the optional or basic units must have at least 20 acres or 20% (which ever is less) of the total average of the crop in the Enterprise Unit and all acreage of the producer's crop in the county must be combined into one unit.

If you do not qualify for multiple basic or optional units because you have only one farm serial number at FSA, ask your agent if you could qualify and establish multiple units by sectional equivalent, and then consolidate them into an Enterprise Unit. ■

CRC/Enterprise Units are the Best Value Available

The combination of CRC and Enterprise Units is the lowest cost crop insurance coverage available for corn and soybean producers. It is lower than yield only policies.

Low cost CRC coverage allows you to qualify for meaningful protection under the SURE program. ■

Whole Farm Insurance Assures Eligibility for SURE

AGR and AGR-Lite cover both Insurable and Non-insurable crops and animals

Adjusted Gross Revenue (AGR) and AGR-Lite are federally subsidized, whole farm insurance policies that, for very low premiums, will qualify producers for the Supplemental Revenue Assistance Payments (SURE) program. These streamlined revenue protection policies provide protection against low revenue due to unavoidable causes, including market fluctuations. AGR is mainly for larger producers while AGR-Lite insures farmers whose average gross farm revenue is less than $2 million.

Larger producers who wish to assure their eligibility for SURE need to sign up for AGR by February 1. Remember that the higher your level of insurance coverage, the higher your SURE guarantee will be. In a way, SURE is like free, additional crop insurance protection.

AGR-Lite

AGR-Lite rewards those with multiple commodities with higher levels of coverage. The AGR-Lite premiums are pro-rated down if crop specific policies are in place or purchased in addition to AGR-Lite. It acts like an umbrella policy. The sign-up deadline for AGR-Lite is March 15.

The theory is that growing many different products is a form of risk management that reduces the insurance risk by spreading risk through time and crop diversity.

AGR-Lite is similar to business interruption protection for your operation. Producers can insure their gross "farm" income at from 65-80 percent of their previous five year average, depending on their income diversification.

A loss payment triggers when the eligible gross income for the current year is less than the five year average. Loss payments are made for income reduction because of natural disaster or market price fluctuations.

The Risk Management Agency calculated this example:

$100,000 average qualifying farm income of previous 5 years

75% level of coverage selected at enrollment

75,000 Loss trigger
- 25,000 Income in current year
50,000 Difference

90% Payment rate (policyholder self-insures 10%)
$45,000 Loss payment

$70,000 Income with AGR-Lite,
$25,000 Without AGR-Lite

About 50% of the premium is paid by USDA. Premiums are also low because losses are paid when overall loss is experienced on the whole farm. The maximum pay out is $1 million.

Where AGR-Lite Works Best

AGR-Lite covers crops grown for direct market even if cash sales result; organic production; crops already insured, similar to commercial umbrella policies; commodities at your historical income; and nearly all commodities grown for food, fiber, landscaping or ornamentation.

AGR-Lite works well for herb and vegetable production where excess moisture caused production to rot before reaching maturity; severe drought where all crops (and livestock) are affected and individual crops are insured at lower levels of coverage due to cost of premium; crops and animals that are not otherwise insurable; and fresh market sweet corn and other vegetables where good yields were realized but prices were very low.

How to Apply

The sign-up deadline for new AGR-Lite policies is March 15. The deadline for making changes to existing policies is February 1. ■

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